



Jennifer Convertibles, Inc., 419 Crossways Park Drive, Woodbury, NY 11797 516-496-1900

FOR IMMEDIATE RELEASE

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JENNIFER CONVERTIBLES REPORTS SECOND QUARTER RESULTS

- **Returns to profitability**
- **Revenue from continuing operations increased 1.6% for quarter, versus 3.6% decrease year-to-date**
- **Comparable store sales increased by 1.0% for quarter, 4.2% decrease year-to-date**
- **Income from continuing operations \$1,258,000 versus \$586,000 for quarter, \$621,000 versus \$1,299,000 year to date**
- **Basic EPS \$0.16 versus \$0.08 for quarter, \$0.08 versus \$0.19 year to date**
- **Diluted EPS \$0.14 versus \$0.07 for quarter, \$0.07 versus \$0.18 year-to-date**
- **First Ashley Furniture HomeStore to open in May**

Woodbury, New York ***April 10, 2007*** Jennifer Convertibles, Inc. (AMEX: JEN) announced today its unaudited financial results for the second fiscal quarter ended February 24, 2007.

For the second quarter, revenue from continuing operations increased by 1.6% to \$33.4 million from the \$32.9 million reported for the same period last year. For the six-month period, revenue from continuing operations decreased 3.6% to \$66.2 million from the \$68.7 reported in the same period last year.

For the second quarter, the Company generated net income of \$1,258,000 or \$0.16 and \$0.14 per basic and diluted share, respectively, compared to a net income of \$554,000 or \$0.08 and \$0.07 per basic and diluted share, respectively, for the same period last year. For the six-month period, the net income was \$621,000 or \$0.08 and \$0.07 per basic and diluted share, respectively, compared to a net income of \$1,401,000 or \$0.19 and \$0.18 per basic and diluted share, respectively, for the same period last year.

Operating margins from continuing operations increased during the current three-month period to 29.6% compared to 29.3% the same period last year. For the current six-month period operating margins from continuing operations decreased to 29.7% compared to 30.9% for the six-month period last year.

For the second quarter, selling, general, and administrative expenses from continuing operations decreased to 25.9% as a percentage of revenue from continuing operations compared to 27.0% for the

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same period last year. For the six-month period, selling, general and administrative expenses from continuing operations increased to 28.6% compared to 28.5% for the same period last year.

During the second quarter, we closed four stores in Illinois. The operating results of these closed stores were recorded in continuing operations based on managements' judgment that there will be significant continuing sales to customers of the closed stores from other stores in their respective areas. For the second quarter of fiscal 2006 loss from discontinued operation was \$32,000.

During the quarter, the Company did not open any stores and closed four stores as described above.

Commenting on the results Harley J. Greenfield, Chief Executive Officer of Jennifer said, "I am very pleased to report that the strategies which we utilized in merchandising and advertising, and our adjustments to margins returned the Company to profitability during our second fiscal quarter. This was accomplished despite softness generally in the furniture industry, which continues to impact our operations. We expect profitability to continue".

Mr. Greenfield added, "We are extremely excited about the opening, at the end of May, of our first Ashley Furniture HomeStore. We believe that the Ashley stores added to our solid Jennifer base will propel the Company to a new level".

Jennifer Convertibles is the owner and licensor of the largest group of sofabed specialty retail stores in the United States, with 171 Jennifer Convertibles® stores and 16 Jennifer Leather stores. As of April 9, 2007, the Company owned 162 stores and licensed 25 stores. Of the 25 stores, 24 are owned and operated by a related private company and one is managed by the private company.

Statements in this press release other than the statements of historical fact are "forward-looking statements." Such statements are subject to certain risks and uncertainties, including changes in retail demand, vendor performance and other risk factors identified from time to time in the Company's filings with the Securities and Exchange Commission that could cause actual results to differ materially from any forward-looking statements. These forward-looking statements represent the Company's judgment as of the date of the release. The Company disclaims, however, any interest or obligations to update these forward-looking statements.

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JENNIFER CONVERTIBLES, INC. & SUBSIDIARIES
SUMMARY CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	<u>02/24/07</u>	<u>08/26/06</u>
CASH AND CASH EQUIVALENTS	\$ 16,529	\$ 12,641
RESTRICTED CASH	74	864
ANNUITY CONTRACT	949	-
ACCOUNTS RECEIVABLE	1,056	906
MERCHANDISE INVENTORIES, Net	13,218	13,597
DUE FROM AFFILIATED COMPANY	4,811	4,869
PREPAID EXPENSES AND OTHER CURRENT ASSETS	1,778	1,160
	<u>38,415</u>	<u>34,037</u>
FIXTURES, EQUIPMENT & LEASEHOLD IMPROVEMENTS, Net	2,949	2,682
ANNUITY CONTRACT	-	935
GOODWILL	1,650	1,650
OTHER ASSETS	688	703
	<u>688</u>	<u>703</u>
	<u>\$ 43,702</u>	<u>\$ 40,007</u>
ACCOUNTS PAYABLE	\$ 19,228	\$ 18,838
CUSTOMER DEPOSITS	9,546	7,036
ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES	4,271	4,383
DUE TO AFFILIATED COMPANY	600	500
DEFERRED RENT AND ALLOWANCES – Current Portion	642	587
TOTAL CURRENT LIABILITIES	<u>34,287</u>	<u>31,344</u>
DEFERRED RENT AND ALLOWANCES – Net of Current Portion	2,932	2,959
OBLIGATIONS UNDER CAPITAL LEASES – Net of Current Portion	132	145
TOTAL LIABILITIES	<u>37,351</u>	<u>34,448</u>
STOCKHOLDERS' EQUITY	<u>6,351</u>	<u>5,559</u>
	<u>\$ 43,702</u>	<u>\$ 40,007</u>

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JENNIFER CONVERTIBLES, INC. & SUBSIDIARIES
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT SHARE DATA)

	<u>THREE MONTHS ENDED</u>		<u>SIX MONTHS ENDED</u>	
	<u>02/24/07</u>	<u>02/25/06</u>	<u>02/24/07</u>	<u>02/25/06</u>
REVENUE:				
NET SALES	\$ 31,286	\$ 30,730	\$ 61,885	\$ 64,034
REVENUE FROM SERVICE CONTRACTS	2,185	2,202	4,285	4,640
	<u>33,471</u>	<u>32,932</u>	<u>66,170</u>	<u>68,674</u>
COST OF SALES AND OTHER CHARGES	23,551	23,298	46,488	47,468
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	8,660	8,883	18,955	19,577
DEPRECIATION AND AMORTIZATION	228	196	453	394
	<u>32,439</u>	<u>32,377</u>	<u>65,896</u>	<u>67,439</u>
INCOME FROM OPERATIONS	1,032	555	274	1,235
INTEREST INCOME	198	77	353	155
INTEREST EXPENSE	(3)	-	(7)	-
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,227	632	620	1,390
INCOME TAXES	(31)	46	(1)	91
INCOME FROM CONTINUING OPERATIONS	1,258	586	621	1,299
(LOSS) INCOME FROM OPERATIONS OF DISCONTINUED OPERATIONS (including (loss) income on store closings of \$(13) for the thirteen weeks and \$182 for the twenty-six weeks ended in 2006)	-	(32)	-	102
NET INCOME	<u>\$ 1,258</u>	<u>\$ 554</u>	<u>\$ 621</u>	<u>\$ 1,401</u>
BASIC INCOME PER COMMON SHARE:				
INCOME FROM CONTINUING OPERATIONS	\$ 0.16	\$ 0.08	\$ 0.08	\$ 0.18
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	-	-	-	0.01
NET INCOME PER COMMON SHARE	<u>\$ 0.16</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ 0.19</u>

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DILUTED INCOME PER COMMON SHARE:

INCOME FROM CONTINUING OPERATIONS	\$ 0.14	\$ 0.07	\$ 0.07	\$ 0.17
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	-	-	-	.01
NET INCOME PER COMMON SHARE	<u>\$ 0.14</u>	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.18</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,838,162	5,829,714	6,821,013	5,811,285
COMMON SHARES ISSUABLE ON CONVERSION OF SERIES A PARTICIPATING PREFERRED STOCK	<u>924,500</u>	<u>1,424,500</u>	<u>924,500</u>	<u>1,424,500</u>
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC	7,762,662	7,254,214	7,745,513	7,235,785
EFFECT OF POTENTIAL COMMON SHARE ISSUANCE:				
STOCK OPTIONS	829,330	921,973	1,040,234	451,007
WARRANTS	78,182	71,219	86,808	50,698
SERIES B CONVERTIBLE PREFERRED STOCK	<u>62,216</u>	<u>62,216</u>	<u>-</u>	<u>56,882</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING DILUTED	<u>8,732,390</u>	<u>8,309,622</u>	<u>8,872,555</u>	<u>7,794,372</u>

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